

Preferred Securities Fund - D2 Class Income Units

31 March 2024

Investment manager

Principal Global Investors, LLC

Sub investment manager

Spectrum Asset Management† specialises in the management of preferred securities. Principal Global Investors, LLC has been appointed as Investment Manager to the Fund, and has appointed Spectrum Asset Management, Inc. as the Sub-Investment Manager.

Fund managers

Kevin Nugent

40 Yrs Industry Exp

Manu Krishnan, CFA

20 Yrs Industry Exp

Mark A. Lieb

47 Yrs Industry Exp

L. Phillip Jacoby, IV

42 Yrs Industry Exp

Bob Giangregorio

21 Yrs Industry Exp

Fred Diaz

32 Yrs Industry Exp

Satomi Yarnell

15 Yrs Industry Exp

Investment objective

The Fund seeks to achieve its overall objective by investing primarily in a portfolio of US dollar denominated preferred securities and debt securities, including convertible bonds and contingent convertible securities (CoCos).

Index

BBG GLOBAL AGG CORP USD TR

Fund facts

| | |
|--------------------------------|-------------------------|
| Fund size | \$4,04b |
| Launch date | 30 Mar 2016 |
| Fund base currency | USD |
| Min investment | US\$ 1,000 |
| Fund domicile | IRELAND |
| UCITS qualifying | Yes |
| Dealing cut off | 10:00 AM GMT Daily |
| | 5pm Hong Kong SAR |
| SFDR Categorisation | Article 8 |
| Fee structure | D2 Class |
| Preliminary charge | max 5% |
| Management fee | 0.60% pa |
| Admin charge | 0.15% pa |
| Marketing and distribution fee | 0.60% pa |
| Trustee fee | Not more than 0.022% pa |

Investor minimum

Please contact Principal Global Investors

Fund grading

Mark A. Lieb A rated - Citywire Fund

Manager Ratings



Important note

- The Preferred Securities Fund will invest primarily in a portfolio of U.S. dollar denominated preferred securities and debt securities.
- The Fund's investments will be offered on markets listed in Appendix A to the Prospectus, although it is anticipated that the majority will be issued by U.S. issuers. Compared with a well-diversified fund, its concentration risk is relatively high and hence it might be more volatile than a well-diversified fund.
- Investment involves risk. There is no assurance on investment returns and you may not get back the amount originally invested.
- The investment decision is yours but you should not invest in this Fund unless the intermediary who sells it to you has advised you that it is suitable for you and explained how it is consistent with your investment objectives.
- You should not invest solely in reliance on this marketing material alone. You should read the Summary Prospectus and the relevant Supplement(s) before investing including the Special Investment Considerations and Risks section of the Summary Prospectus.
- In relation to D2 Class Income Units of the Fund, the dividends which may be distributed by such class of units may be paid effectively out of the capital of the Fund (i.e. making the distribution from gross income while charging all or part of the Fund's fees and expenses to capital), resulting in an increase in distributable income for the payment of dividends by the Fund and an immediate reduction of the net asset value per unit of the Fund. Payment of dividends effectively out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Dividend is not guaranteed.

Performance (%)

| | 1M | 3M | YTD | 1YR | 3YR | 5YR | SI |
|---------------------|------|-------|-------|-------|-------|-------|-------|
| Fund Cumulative Net | 1.28 | 2.74 | 2.74 | 11.21 | 0.97 | 14.41 | 30.76 |
| Cumulative Index | 1.24 | -0.21 | -0.21 | 4.69 | -5.09 | 8.34 | 21.07 |
| Fund Annualised Net | 1.28 | 2.74 | 2.74 | 11.21 | 0.32 | 2.73 | 3.41 |
| Index Annualised | 1.24 | -0.21 | -0.21 | 4.69 | -1.73 | 1.61 | 2.42 |

Fund performance is calculated on a NAV to NAV basis. Please see performance notes for further details. SI represents Since Inception.

Calendar year performance (%)

| | 2023 | 2022 | 2021 | 2020 | 2019 |
|----------|------|--------|-------|------|-------|
| Fund Net | 7.71 | -10.77 | 1.67 | 4.18 | 15.77 |
| Index | 8.47 | -15.28 | -0.89 | 9.68 | 14.06 |

Top 10 holdings (%)

| | Fund |
|---|-------------|
| Zurich Finance Ireland 3 1/31-51 REG S | 2.7 |
| Bank Of Nova Scotia 4.9 6/25 perp | 2.5 |
| Enterprise Products Oper 5.25 8/27-77 | 2.1 |
| Toronto Dominion Bank 8.125 10/27-82 | 1.9 |
| HSBC Capital Funding 10.176 6/30/30 Reg S | 1.9 |
| Enbridge Inc 6 1/27-77 | 1.8 |
| MetLife Inc. 10.75 8/1/39 | 1.7 |
| Munich Re 5.875 11/31-42 REG S | 1.6 |
| Nippon Life Insurance 2.75 1/31-51 Reg S | 1.6 |
| Demeter Swiss Re 5.625 8/27-52 Reg S | 1.6 |
| Total | 19.4 |

No. of holdings

222

Geographic allocation (%)

| | Fund |
|---------------|------|
| United States | 32.4 |
| Great Britain | 11.3 |
| Canada | 10.0 |
| Switzerland | 9.5 |
| Japan | 5.9 |
| France | 5.8 |
| Ucits Fund | 4.5 |
| Netherlands | 3.6 |
| Spain | 3.0 |
| Finland | 2.3 |
| Australia | 2.3 |
| Italy | 2.2 |
| Germany | 2.1 |
| Other | 2.9 |
| Cash | 2.1 |

Fund analysis

| | Fund | Index |
|------------------------|------|-------|
| Average Credit Quality | Baa2 | A3 |
| Current Yield** | 6.0 | 4.4 |
| Yield to Worst*** | 6.2 | 5.4 |
| Yield to Maturity# | 7.2 | 5.4 |
| Modified Duration | 3.7 | 6.6 |

Credit quality (%)

| | Fund |
|--------------|------|
| AA or AAA | 2.1 |
| A | 18.6 |
| BBB | 57.9 |
| FX Hedge | 0.0 |
| UCITS Fund | 4.5 |
| BB and Lower | 16.9 |

Industry allocation (%)

| | Fund |
|--------------------|------|
| Banks | 47.7 |
| Insurance | 29.6 |
| Energy | 6.0 |
| Utilities | 5.4 |
| UCITS Fund | 4.5 |
| Telecommunications | 1.3 |
| Financials | 1.2 |
| REITs | 1.1 |
| Industrials | 1.0 |
| FX Hedge | 0.0 |
| Other | 0.0 |
| Cash | 2.1 |

Source: Principal Global Investors and/or its affiliates and the Index. Characteristics sources: Bloomberg, Moody's, S&P, Fitch, and Spectrum Asset Management.

Data: This data/analysis is not sourced from the Fund's official record. It is based upon data from the internal systems of Principal Global Investors and/or its affiliates. Performance shown in this section is gross which does not take into account any fees or other charges which, if taken into account, would reduce the figures shown.

Fund codes

| | |
|-----------|--------------|
| Bloomberg | PGPUD2I ID |
| ISIN | IE00BYM2LQ48 |
| Lipper | 68364417 |
| SEDOL | BYM2LQ4 |
| CUSIP | G72451357 |
| Valoren | 30697081 |
| WKN | A2JMB7 |

Registration*

Austria, Belgium, Denmark, Finland, France, Germany, Guernsey, Hong Kong SAR, Ireland, Italy, Jersey, Liechtenstein, Luxembourg, Macau, Netherlands, Norway, Singapore, Spain, Sweden, Switzerland, UAE and UK

Performance note

From December 2018, the performance data shown is based upon the Fund's official Net Asset Value (NAV) prices. The performance data shown is net of fees and other charges but excludes any potential entry/exit charges- as such the return an investor receives may be lower. Prior to 31st December 2018, the data performance calculations reflect the month-end market close prices of the Fund's assets. After 1 January 2019, the performance data shown is based upon the Fund's Net Asset Value (NAV) prices of the last Irish business day of the month. For Funds not open for dealing on this day this will be an indicative NAV. As a result, it is possible that the stated performance and the actual investment returns available to investors will differ. The performance information reflects the performance of the D2 Class income units. Periods over one year are annualised. Investors should obtain their own independent tax advice. ##The following performance comparators were used for the Fund between the dates specified: Inception to 30 September 2008, Lehman Aggregate Index or BofA Merrill Lynch Preferred Stock Index; 1 October 2008 to 31 March 2011, 65% BofA Merrill Lynch Fixed Rate Preferred Securities Index and 35% Barclays Capital CapSec Tier 1 Index; 1 April 2011 to 28 February 2014, 50% BofA Merrill Lynch Fixed Rate Preferred Securities Index and 50% Barclays Capital CapSec Tier 1 Index; and 28 February 2014 to 29 September 2018, 50% BofA Merrill Lynch Fixed Rate Preferred Securities Index and 50% BofA Merrill Lynch US Capital Securities Index. On 30 September 2018, the performance comparator for the Fund changed to the current Index and on that date the index returns presented in this factsheet from inception of the Fund were amended to solely show those of the current index. Index returns for the other indices will be provided upon request. The inception date of the fund is 22 April 2003; not all share classes may be available to all investors. Performance since the inception of the fund is available on request. Outperforming the Blended Index is not specifically included in the objective of the Fund, and the figures shown in the table are provided as a comparison only. The methods of calculation of performance may not be identical. The source of performance is based on the current Investment Manager, Principal Global Investors, LLC. Past performance is not indicative of future performance. All figures are stated in USD unless otherwise noted. **Current Yield is the annual interest earned on the underlying bonds divided by the market price of the underlying portfolio of bonds. The figure is not the dividend yield received by the investors and is subject to change depending on the underlying portfolio of bonds. ***Yield to Worst is the lowest potential yield that can be received on a bond without the issuer actually defaulting. The yield to worst is calculated by making the worst-case scenario assumptions on the issue. #Yield to Maturity is a concept used to determine the rate of return an investor will receive if a long-term, interest-bearing investment, such as a bond, is held to its maturity date. Please note that this is not the return or dividend to be received by investors in the fund. Credit Quality refers to the credit ratings for the underlying securities in the Fund as rated by Standard & Poor's or Moody's Investors Service, and typically range from AAA/Aaa (highest) to C/D (lowest). If Moody's and S&P assign different ratings, the higher rating is used. Ratings methodologies and individual ratings can change over time. Source & Copyright: CITYWIRE. Portfolio managers are A rated by Citywire for 3 year risk-adjusted performance for the period 28 February 2021 - 29 February 2024. Citywire's exclusive methodology ranks fund managers based on their individual track records across all funds they manage globally.

Disclosure

*Where applicable: In Singapore, the Fund is registered as a Restricted Scheme and in Italy for Qualified Investors only.

Divergences between the returns of unit classes denominated in the base currency of the fund and hedged unit classes may arise among other things due to interest rate differentials between the base currency of the fund and the hedged unit class currency.

The information in this document contains general information only on investment matters and should not be considered as a comprehensive statement on any matter and should not be relied upon as such, nor should it be construed as specific investment advice, an opinion or recommendation. The information it contains does not take into account the investment objectives, particular needs or financial situation of any investor or any particular class(es) of investors. Any person considering making an investment should seek independent advice on the suitability or otherwise of the particular investment. Past performance is not a reliable indicator of future performance and should not be relied upon as a significant basis for an investment decision. You should consider whether an investment fits your investment objectives, particular needs and financial situation before making any investment decision. Subject to any contrary provisions of applicable law, no company in the Principal Financial Group nor any of their employees or directors gives any warranty of reliability or accuracy nor accepts any responsibility arising in any other way for errors or omissions in this document.

The content of this document is provided by Principal Global Investors. Principal Global Investors (Ireland) Limited is the Manager of the Principal Global Investors Funds. This document is issued in Hong Kong SAR (China) by Principal Investment & Retirement Services Limited, Hong Kong SAR (China) Representative of the Principal Global Investors Funds. Principal Investment & Retirement Services Limited is licensed with the Securities and Futures Commission to conduct Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities.

The current document is intended for information purposes only and shall not to be used as an offer to buy and/or sell shares. The information in this document has been derived from sources believed to be accurate as of March 2024.

This document has not been reviewed by the Securities and Futures Commission.

The product promotes environmental and/or social characteristics as referenced in Article 8 of the Sustainable Finance Disclosure Regulation (EU) No. 2019/2088 ("SFDR"). Please refer to the required pre-contract disclosures contained in the relevant prospectus or offering memorandum (as applicable) or on our website. More information can be found at <https://www.principalam.com/SFDR>.

Contact us

For more information on the fund, please contact:

Principal Investment & Retirement Services Limited
852 2117 8383

A member of Principal Financial Group®.